

To: All Recipients of the prospectus, REDW001, to operate a hostel including overnight accommodations and related services located within Redwood National and State Parks.

REDW001 – Questions and Answers

Question #1 *Proposal Package, Part B, Principal Selection Factor 1 (page 6 of 21):* In the Note to Offeror, it makes mention of a secondary selection factor 1 having to do with recycling, energy efficiency, etc., but I do not find the secondary selection factor 1 in the proposal package. Perhaps I have just missed it. I do see it in Appendix D: 36 CFR Part 51. Where should we address this secondary selection factor in the proposal?

NPS Response: There are no secondary selection factors. Please replace the “Note to Offeror” paragraph with the following sentence:

“For this Principal Selection Factor, please respond only with the information requested in the subfactors.”

Question #2 *Proposal Package, Part B, Subfactor 1(a) parts 1 and 2 (page 6-7 of 21):* We are not sure what is being requested, and want to be sure to give an answer that is responsive. Could you please clarify these two requests for information.

NPS Response: *Subfactor 1(a) part 1:* This question is asking for a description of your process for determining the condition of the real property you manage as well as a description of the process you will use to monitor that condition. The question also asks for a breakdown of how you will manage the condition of individual assets, such as a building, and categories of assets, such as parking lots.

Subfactor 1(a) part 2: This question is asking for a description of the process you use to prioritize project management for real property assets. The description should include the method you use for prioritizing each project and should include two examples of this method in use and its outcome.

Question #3 *Proposal Package, Part B, Subfactor 4(d) (page 14 of 21):* “Demonstrate that your proposal is financially viable.” Should I assume from that statement, that the proposal must show that the hostel is viable without subsidy from the offeror? Will a proposal be non-responsive if it does not show a profit? If the proposal lists only the required service season in its financials to demonstrate viability, will the selected offeror be able to operate for a longer season by subsidizing the operation?

NPS Response: In assessing your proposal under Principal Selection Factor 4, NPS will evaluate your financial capability to carry out the proposal you make. At a minimum, that proposal must include the “required” services set out in the Prospectus. These include operating and managing the hostel simply during one part of the year -- the peak season of May 15 through September 15. To be responsive, your proposal must demonstrate (among other things) that it is financially viable for you to provide these “required” services in the manner set out in your proposal and as required by the Draft Contract. In other words, the proposal must demonstrate that financially you can as well as you will be able to provide the “required” services proposed. Such a demonstration might include, for example, that adequate funding for the “required” services will be provided by projected revenues at the hostel. It also might be shown by demonstrating other credible sources. Whatever funding sources are proposed, however, must shown to be credible, that is you must be able to convincingly demonstrate that the source you propose will be available to fund the “required” services proposed. In evaluating your response, the NPS may consider,

among other things, the degree of risk to performance presented by the funding source you propose. Further information regarding this is contained in Principal Selection Factor 4.

The NPS also will evaluate your financial capability to provide any “authorized” services (e.g. optional) that you may offer in your proposal. However, as “authorized” services are optional – and not required – any risk of performance presented by the funding sources for the “authorized” services may have a different impact on the overall evaluation of the proposal than the any risk of funding “required” services. For example, if credible sources cannot be shown for the “authorized” services proposed, those services will not be considered in the evaluation and will not be “authorized” in any contract that may be awarded.

As for the portion of your question that concerns the need for a proposal to show a profit, the NPS will consider profitability under two different Principal Selection factors. Profitability will be considered under Principal Selection Factor 4 as part of the consideration of the financial viability of your proposal (as discussed above). In addition, profitability also is considered under Principal Selection Factor 5, which addresses franchise fee and other forms of financial consideration to the NPS. The National Park Service Concessions Management Improvement Act of 1998 requires concession contracts to provide for payment to the government of a franchise fee or other monetary consideration “upon consideration of the probable value” to the concessioner of the privileges granted under that contract. The Act further requires NPS to base that consideration of probable value on “a reasonable opportunity for net profit in relation to capital invested and the obligations of the contract.”

Question #4 *Draft Concession Contract (page 1 of 22):* The pages have a header of “Draft Contract.” Does this mean that if selected, some of the terms in the draft contract may be negotiable? I also note that on page 5 of the Proposal Instructions, part j says that “...the terms and conditions of the Draft Contract as described in the Prospectus, including, without limitation, its minimum franchise fee, are not final until the Concession Contract is awarded.”

NPS Response: 36 CFR §51.19 states “Except for incorporating into the concession contract appropriate elements of the best proposal, the Director must not award a concession contract which materially amends or does not incorporate the terms and conditions of the concession contract as set forth in the prospectus.” Therefore, the contract, including its exhibits, cannot materially change from what is included in the prospectus.

Question #5 *Operating Plan:* Are the terms of this Operating Plan negotiable?

NPS Response: Please refer to the answer to question #4.